



WARRIOR GOLD

EXPERIENCE • EXPLORATION • RESULTS

(Formerly War Eagle Mining Company Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

Independent Auditor's Report

To the Shareholders of Warrior Gold Inc. (Formerly War Eagle Mining Company Inc.)

Opinion

We have audited the consolidated financial statements of Warrior Gold Inc. (Formerly War Eagle Mining Company Inc.) ("the Company"), which comprise the consolidated statements of financial position as at March 31, 2019 and March 31, 2018 and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2019 and March 31, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Keith L. Gagnon.

"Crowe MacKay LLP"

**Chartered Professional Accountants
Vancouver, Canada
July 24, 2019**

WARRIOR GOLD INC.
(Formerly War Eagle Mining Company Inc.)
Consolidated Statements of Financial Position
Expressed in Canadian Dollars

	Note	March 31 2019 \$	March 31 2018 \$
ASSETS			
Current assets			
Cash		914,488	968,507
Receivables		78,683	187,917
Prepaid expenses and deposits	18	6,088	216,117
Total current assets		999,259	1,372,541
Non-current assets			
Exploration and evaluation assets	7,8	4,990,286	4,828,558
Property, plant and equipment		-	189
Total non-current assets		4,990,286	4,828,747
Total assets		5,989,545	6,201,288
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	12	499,209	478,463
Total current liabilities		499,209	478,463
Non-current			
Accounts payable and accrued liabilities	12	50,000	-
Total non-current liabilities		50,000	-
Total liabilities		549,209	478,463
EQUITY			
Share capital	9	44,926,290	44,026,828
Reserves	9,10	4,317,178	4,314,928
Deficit		(43,803,132)	(42,618,931)
Total equity		5,440,336	5,722,825
Total liabilities and equity		5,989,545	6,201,288

Corporate information and going concern (Note 1)

The annual consolidated financial statements of the Company for the year ended March 31, 2019 were approved and authorized for issuance by the board of directors on July 24, 2019.

On behalf of the board of directors:

<u>“Malcolm Burke”</u> Malcolm Burke	Director	<u>“Peter Winnell”</u> Peter Winnell	Director
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See accompanying notes.

WARRIOR GOLD INC.

(Formerly War Eagle Mining Company Inc.)

Consolidated Statements of Comprehensive Income (Loss)**Expressed in Canadian Dollars**

Year ended March 31	Note	2019 \$	2018 \$
Operating expenses			
Consulting fees		57,603	59,486
Depreciation		189	-
Exploration costs	8	825,401	154,513
Insurance		7,435	5,731
Investor relations		137,943	5,022
Management fees and salaries	12	370,750	295,000
Office and miscellaneous		40,487	11,331
Professional fees		64,849	86,835
Rent		15,266	3,651
Share-based compensation	10,12	-	276,750
Transfer agent and filing fees		33,861	28,814
Travel		14,635	3,199
Loss before other income (expenses)		(1,568,419)	(930,332)
Other income (expenses)			
Foreign exchange gain (loss)		10,428	(80,857)
Gain on extinguishment of debt		54,050	79,822
Provision for GST receivable		(104,772)	-
Loss on settlement of debt		-	(50,000)
Exploration grant		100,000	-
Royalty income	6	-	175,354
Sale of rights to royalty	6	324,512	-
		384,218	124,319
Income (loss) and total comprehensive income (loss) for the year		(1,184,201)	(806,013)
Basic and diluted income (loss) per common share	19	(0.03)	(0.03)
Weighted average number of common shares outstanding, basic and diluted		45,037,231	25,024,999

See accompanying notes.

WARRIOR GOLD INC.
(Formerly War Eagle Mining Company Inc.)
Consolidated Statements of Cash Flows
Expressed in Canadian Dollars

Year ended March 31	Note	2019 \$	2018 \$
Operating activities			
Income (loss) for the year		(1,184,201)	(806,013)
Adjustments for			
Share-based compensation		-	276,750
Depreciation		189	-
Foreign exchange		(10,428)	54,666
Gain on extinguishment of debt		(54,050)	(79,822)
Provision for GST receivable		104,772	-
Changes in non-cash operating working capital			
Receivables		4,462	(75,111)
Prepaid expenses and deposits		210,029	(199,120)
Accounts payable and accrued liabilities		124,796	(337,421)
Cash used in operating activities		<u>(804,431)</u>	<u>(1,166,071)</u>
Financing activities			
Shares issued in private placements	9	936,805	-
Share issue costs	9	(40,093)	-
Exercise of options	9	5,000	26,000
Cash provided by financing activities		<u>901,712</u>	<u>26,000</u>
Investing activities			
Proceeds from sale of Tombstone	6	-	1,399,749
Cash received on acquisition of Champagne	7	-	16,872
Acquisition of resource properties	8	(161,728)	-
Cash provided by investing activities		<u>(161,728)</u>	<u>1,416,621</u>
Foreign exchange effect on cash		<u>10,428</u>	<u>9,685</u>
Increase (decrease) in cash		(54,019)	286,235
Cash, beginning of year		<u>968,507</u>	<u>682,272</u>
Cash, end of year		<u>914,488</u>	<u>968,507</u>

Cash paid (received) for interest	\$	-	\$	-
Cash paid (received) for income tax	\$	-	\$	-

Supplemental cash flow information (Note 17)

See accompanying notes.

WARRIOR GOLD INC.
(Formerly War Eagle Mining Company Inc.)
Consolidated Statements of Changes in Equity
Expressed in Canadian Dollars

	Note	Common shares \$	Reserves \$	Deficit \$	Total equity \$
Balance March 31, 2017	9	40,252,361	3,397,698	(41,812,918)	1,837,141
Shares issued for acquisition of Champagne	7, 9	3,738,347	-	-	3,738,347
Options issued for acquisition of Champagne	7, 9	-	155,600	-	155,600
Warrants issued for acquisition of Champagne	7, 9	-	495,000	-	495,000
Options exercised		26,000	-	-	26,000
Transfer of stock option fair value on exercise		10,120	(10,120)	-	-
Share-based compensation	10	-	276,750	-	276,750
Loss for the year		-	-	(806,013)	(806,013)
Balance March 31, 2018	9	44,026,828	4,314,928	(42,618,931)	5,722,825
Options exercised		5,000	-	-	5,000
Transfer of stock option fair value on exercise		2,350	(2,350)	-	-
Shares issued in private placements	9	936,805	-	-	936,805
Share issuance costs	9	(40,093)	-	-	(40,093)
Share issuance costs - broker warrants		(4,600)	4,600	-	-
Loss for the year		-	-	(1,184,201)	(1,184,201)
Balance March 31, 2019	9	44,926,290	4,317,178	(43,803,132)	5,440,336

See accompanying notes.

WARRIOR GOLD INC.

(Formerly War Eagle Mining Company Inc.)

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2019

Expressed in Canadian Dollars

1. Corporate Information and going concern

Warrior Gold Inc., formerly War Eagle Mining Company Inc. (the “Company” or “War”) was incorporated under the laws of British Columbia on March 6, 1984. The Company is involved in the acquisition, exploration and, if warranted, development of mineral resource properties. The Company is listed on the TSX Venture Exchange (the “TSX-V”), under the symbol “WAR”, as a Tier 2 mining issuer.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not generated revenue from operations. The Company incurred a loss of \$1,184,201 during the year ended March 31, 2019 (March 31, 2018 – \$806,013) and, as of that date the Company’s deficit was \$43,803,132 (March 31, 2018 - \$42,618,931). The Company had cash of \$914,488 at March 31, 2019 (March 31, 2018 - \$968,507). As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and pursue the acquisition and exploration of mineral resource properties. Although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

The address of the Company’s corporate office and principal place of business is 25 Adelaide Street East, Toronto, Ontario, Canada, M5C 3A1.

2. Basis of Presentation

a) Statement of compliance

These consolidated financial statements for the year ended March 31, 2019 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Standards Interpretations Committee.

b) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for financial instruments measured at fair value. The consolidated financial statements are presented in Canadian dollars.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

WARRIOR GOLD INC.

(Formerly War Eagle Mining Company Inc.)

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2019

Expressed in Canadian Dollars

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

a) *Principles of consolidation*

These consolidated financial statements include the accounts of Warrior Gold Inc. and its controlled subsidiaries. Control is achieved when the Company has the power to govern the financial and operating policies of an investee, so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the group until the date on which control ceases.

These consolidated financial statements include the accounts of the following wholly-owned subsidiaries:

	<u>Incorporation</u>	<u>Percentage of Ownership</u>	
		2019	2018
Champagne Resources Limited ("Champagne")	Canada	100%	100%
RD Minerals S.A. de C.V. (owned by Champagne)	Mexico	100%	100%

In February 2018, pursuant to an amalgamation agreement, Andromeda Resources Inc. was amalgamated into Champagne.

All significant intercompany transactions have been eliminated.

b) *Foreign currency transactions*

The Company's presentation currency is the Canadian dollar. The functional currency for the Company and its subsidiary Champagne, being the currency of the primary economic environment in which the companies operate, is the Canadian dollar. The functional currency of RD Minerals S.A de C.V. is the Mexican Peso.

Foreign currency accounts are translated into the functional currency as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into the functional currency by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into the functional currency by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net loss.

Non-monetary assets and liabilities that are measured at historical cost are translated into the functional currency by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into the functional currency by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income/loss or other comprehensive income/loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

WARRIOR GOLD INC.

(Formerly War Eagle Mining Company Inc.)

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2019

Expressed in Canadian Dollars

3. Summary of Significant Accounting Policies (continued)

b) *Foreign currency transactions (continued)*

Parent and Subsidiary Companies

The financial results and position of foreign operations whose functional currency is different from the presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date; and
- Income and expenses are translated at monthly average exchange rates during the year.

Exchange differences arising on translation of foreign operations are transferred directly to exchange difference on translating foreign operations on the statement of comprehensive loss and are reported as a separate component of equity titled "Cumulative Translation Differences". These differences are recognized in profit or loss in the year in which the operation is disposed of.

c) *Mineral exploration and evaluation expenditures*

Exploration and evaluation expenditures

Exploration and evaluation costs include the costs associated with exploration and evaluation activity (e.g. geological, geophysical studies, exploratory drilling and sampling), and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination or asset purchase. The Company follows the practice of capitalizing all costs related to the acquisition of mineral claims, expensing all costs related to the exploration and evaluation of mineral claims, and crediting all revenue received against the acquisition cost of the claims, with any excess included in profit or loss. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the statement of loss and comprehensive loss.

The Company may occasionally enter into farm-out arrangements whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss. The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploration, or alternatively, sale of the respective areas of interest.

WARRIOR GOLD INC.

(Formerly War Eagle Mining Company Inc.)

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2019

Expressed in Canadian Dollars

3. Summary of Significant Accounting Policies (continued)

d) *Financial instruments*

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The classification of debt instruments is driven by the business model for managing the financial assets and their contractual cash flow characteristics. Debt instruments are measured at amortized cost if the business model is to hold the instrument for collection of contractual cash flows and those cash flows are solely principal and interest. If the business model is not to hold the debt instrument, it is classified as FVTPL. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL, for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument by-instrument basis) to designate them as at FVTOCI.

- Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

- Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

- Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

- Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

WARRIOR GOLD INC.

(Formerly War Eagle Mining Company Inc.)

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2019

Expressed in Canadian Dollars

3. Summary of Significant Accounting Policies (continued)

d) *Financial instruments (continued)*

- Derecognition of financial assets

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized costs are recognized in profit or loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

Financial liabilities:

Financial liabilities are designated as either fair value through profit or loss, or at amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Other financial liabilities are carried on the statement of financial position at amortized cost. The Company completed an assessment of its financial instruments as at April 1, 2018.

e) *Provisions*

Decommissioning provision

The Company is subject to various government laws or regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal or constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and revegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

Other provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

WARRIOR GOLD INC.

(Formerly War Eagle Mining Company Inc.)

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2019

Expressed in Canadian Dollars

3. Summary of Significant Accounting Policies (continued)

f) Income taxes

Income tax expense comprises current and deferred tax. Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the period-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

g) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, options, and share warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Warrants that are part of units are valued using a residual value method which involves comparing the selling price of the units to the Company's share price on the announcement date of the financing. The market value is then applied to the common share and any residual amount is assigned to the warrant.

If the warrants are exercised, the related amount is reclassified as share capital. If the warrants expire unexercised, the related amount remains in reserves.

h) Flow-through shares

The proceeds from the offering of flow-through shares are allocated between the shares and the sale of tax benefits when the shares are offered. The allocation is made based on the difference between the market value of the shares and the amount the investors pay for the flow-through shares. A liability is recognized for the premium when the shares are issued, and is extinguished when the tax effect of the temporary differences, resulting from the renunciation of the tax deduction to the flow-through shareholders, is recorded - with the difference between the liability and the value of the tax assets renounced being recorded as a deferred tax expense. The tax effect of the renunciation is recorded at the time the Company makes the renunciation to its subscribers - which may differ from the effective date of renunciation. If the flow-through shares are not issued at a premium, a liability is not established, and on renunciation the full value of the tax assets renounced is recorded as a deferred tax expense.

i) Loss per share

Basic loss per share is computed by dividing the loss to common shares of the Company by the weighted average number of common shares outstanding for the relevant period. Diluted loss per common share is computed by dividing the loss to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. Stock options and warrants are not included in the computation of loss per share for the year ended March 31, 2019 as such inclusion would be anti-dilutive.

At March 31, 2019, the Company had stock options and warrants outstanding that could result in the issuance of up to 16,242,697 additional common shares.

WARRIOR GOLD INC.

(Formerly War Eagle Mining Company Inc.)

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2019

Expressed in Canadian Dollars

3. Summary of Significant Accounting Policies (continued)

j) Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Vesting conditions, other than market conditions, are not taken into account when estimating the fair value of the shares or share options at the measurement date. Instead, vesting conditions are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognized for goods or services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of the Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in share-based payment reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid. Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

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4. Adoption of New Accounting Pronouncements and Recent Developments

Effective April 1, 2018, the following standard was adopted but did not have a material impact on the financial statements.

The adoption of the following IFRS pronouncement will result in enhanced financial statement disclosures in the Company's annual consolidated financial statements. This pronouncement did not affect the Company's financial results, nor did it result in adjustments to previously-reported figures.

IFRS 9 Financial Instruments

Effective April 1, 2018, the Company adopted IFRS 9 retrospectively. Prior periods were not restated, and no material changes resulted from adopting this new standard. IFRS 9 introduced a revised model for classification and measurement.

The Company's financial instruments are accounted for as follows under IFRS 9 as compared to the Company's previous policy in accordance with IAS 39:

	Original classification (IAS 39)	New classification (IFRS 9)
Financial assets		
Cash	Fair value through profit and loss	Fair value through profit or loss
Financial Liabilities		
Accounts payable and accrued liabilities	Other financial liabilities, measured at amortized cost	Amortized cost

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value, replacing the multiple rules in IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. For financial liabilities, IFRS 9 retains most of the IAS 39 requirements and since the Company does not have any financial liabilities designated at FVTPL, the adoption of IFRS 9 did not impact the Company's accounting policies for financial liabilities.

As a result of the adoption of IFRS 9, the Company updated its accounting policy for financial instruments, as outlined in Note 3(d).

Standards, amendments and interpretations not yet effective

IFRS 16 Leases

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

This standard is effective for reporting periods beginning on or after January 1, 2019. Based on the Company's current leasing arrangement, this standard is not expected to have a significant effect on the financial statements, which is to record a right of use asset with an offsetting liability for its existing lease, as well as additional disclosure. The new standard will become effective for annual reporting period beginning on April 1, 2019.

The Company does not expect to early adopt standards, amendments, and interpretations not yet effective.

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5. Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

Critical Judgments

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes it has adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Going concern of operations

Management has made the determination that the Company will continue as a going concern for the next year.

Evaluation and exploration expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgement in determining whether it is likely that the future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditures is unlikely, the amount capitalized is written off in the profit and loss in the period the new information becomes available.

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Determination of whether a group of assets acquired and liabilities assumed constitute the acquisition of a business

The Company has determined that the acquisition of Champagne Resources Ltd through amalgamation did not constitute the acquisition of a business under IFRS 3 Business Combinations. As a result, the transaction was accounted for as an asset acquisition.

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5. Critical Accounting Estimates and Judgments (continued)

Critical Judgments (continued)

Determination of the accounting acquirer

The Company has determined that the acquirer in the amalgamation with Champagne Resources is War Eagle Mining Company Inc after consideration of pertinent facts and circumstances. Such circumstances include board composition, senior management composition, and the relative size of the entities.

Estimates

Information about significant estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are:

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 10.

Recoverability of receivables

The Company monitors its exposure for credit losses on its receivables on an ongoing basis and records related allowances for doubtful accounts. Allowances are estimated based on the identification of specific balances where a risk of default has been identified based upon historical experience.

Valuation of Goodfish-Kirana project acquired

The value of the Goodfish-Kirana project that was acquired through the amalgamation agreement with Champagne is a significant estimate. As the transaction did not meet the definition of a business combination under IFRS 3 Business Combinations, it was accounted for as an equity-settled share-based payment under IFRS 2. Further details of the transactions are disclosed in Note 7.

6. Sale of a subsidiary

In December 2013, the Company sold all of the shares of its then wholly-owned subsidiary, Tombstone Exploration de Mexico S.A. de C.V., which was the owner of Tres Marias property in Mexico to Contratista Y Operaciones Mineras S.A. de C.V. ("COMSA") for a consideration of US\$2,500,000 (\$2,710,032, based on the exchange rate in effect in December 2013), payable over a six year term, of which, the first US\$65,000 was paid at the closing of the transaction, US\$335,000 was paid during the year ended March 31, 2015, an additional US\$1,000,000 in the year ended March 31, 2017 and balance was paid in the year ended March 31, 2018. Due to uncertainty regarding the timing and amount of future cash flows, management had originally determined that the gain on sale would be recorded on receipt of cash. The consideration was a partial recovery of funds that were advanced to the subsidiary.

In August 2016, the Company entered into a new agreement with COMSA for the payment of US\$1,700,000, the remaining balance of the US\$2,500,000 from the sale of Tres Marias, where COMSA had agreed to make payments every quarter starting on September 30, 2016, with the final payment on March 31, 2018. In the new agreement, the Company also negotiated additional royalty payments as below:

- COMSA was to pay War Eagle 25% of the germanium value recovered from any zinc-germanium concentrate sales starting September 30, 2016.
- COMSA was to pay War Eagle 25% of the lead value recovered from any lead concentrate sales after June 30, 2016.

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6. Sale of a subsidiary (continued)

- COMSA was to pay War Eagle 25% of the zinc sales for price received in excess of \$1.00 per pound of zinc sales after December 31, 2016.

As of March 31, 2018, the Company had received all the payments and the balance of the receivable was \$nil.

During the year ended March 31, 2019, the Company and COMSA came to an agreement where COMSA agreed to make two US\$125,000 payments each on July 31, 2018 and September 28, 2018 (which were received) to buy out the royalty payments.

7. Acquisition of Champagne Resources Limited

In February 2018, the Company's wholly owned subsidiary Andromeda merged with Champagne, pursuant to an amalgamation agreement. The wholly-owned War subsidiary resulting from such amalgamation will carry on the base metals development business of Champagne in Ontario, Canada. As per the amalgamation agreement, each common share of Champagne was exchanged for one common share of War. Completion of the amalgamation resulted in the issue of 21,990,276 common shares valued at \$0.17 per share, 1,215,659 options valued at \$0.128 per share and 6,086,045 warrants valued at \$0.081 per share. The resulting share capital of War is 43,980,552 common shares of which the shareholders of War owned 50% and the former shareholders of Champagne (other than War) owned the remaining 50%.

The Company allocated the purchase price to estimate fair values of the assets acquired and liabilities assumed as follows:

Current assets	\$ 115,774
Exploration and evaluation assets	4,828,558
Property, plant and equipment	189
Current liabilities	(555,574)
Purchase price	\$ 4,388,947

Champagne owed the Company \$50,000, which has become an inter-company receivable and is eliminated on consolidation.

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8. Exploration and Evaluation Assets*The Goodfish Kirana Project*

On February 9, 2018, the Company completed the amalgamation with Champagne, through a “triangular amalgamation” whereby Champagne merged with Andromeda and became a subsidiary of War. In that amalgamation, the Company acquired the Goodfish property. The Goodfish property is comprised of 20 patented mining claims and 66 staked claims. The property is now wholly owned by the Company subject to various net smelter royalty arrangements.

During the year ended March 31, 2019, the Company acquired eight additional patented claims contiguous to the Goodfish-Kirana property for \$161,728. There is a 1.5% NSR on the claims, 1% of which can be purchased for \$1 million.

During the year ended March 31, 2019, the Company acquired a 24-claim package (304.04 hectares) adjacent to the northeast portion of the Company’s Goodfish-Kirana Property, together with three contiguous new claims (50.64 hectares) staked by the Company. These two strategic additions bring the Company’s land package in the Kirkland Lake Gold Camp to 3,704 hectares. The claims were acquired in exchange for a 1.5% net smelter royalty (“NSR”). The Company has the right to buy-back 1% of the NSR for \$1 million.

The Company incurred exploration expenses on Goodfish-Kirana Property as follows:

	March 31, 2019	March 31, 2018
	\$	\$
Assays	36,065	-
Camp costs	9,141	750
Community engagement	1,554	1,945
Geotechnical	76,379	-
Core sampling	15,447	-
Geology	151,967	29,034
Geophysics	125,054	55,647
Drilling	314,336	25,624
Government payments	2,487	-
Ground preparation	13,023	34,800
Logistics	4,550	-
Survey	-	6,100
Technical reports	22,898	613
Travel	46,623	-
Trenching	5,877	-
	825,401	154,513

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9. Share Capital and Reserves*Authorized capital*

Unlimited common shares, without par value.

Issued capital

	Number of Shares	Common Shares \$
March 31, 2017	21,990,276	40,252,361
Shares issued on Champagne acquisition	21,990,276	3,738,347
Shares issued on exercise of options	260,000	26,000
Transfer of stock option fair value on exercise	-	10,120
March 31, 2018	44,240,552	44,026,828
Shares issued in private placements	13,202,927	936,805
Share issuance costs	-	(40,093)
Shares issued on exercise of options	50,000	5,000
Transfer of stock option fair value on exercise	-	2,350
Share issuance costs – broker warrants	-	(4,600)
March 31, 2019	57,493,479	44,926,290

Champagne Transaction

In February 2018, the Company's wholly owned subsidiary Andromeda, merged with Champagne, pursuant to an amalgamation agreement. As per the amalgamation agreement, each common share of Champagne was exchanged for 1.00 of a War's common share. Completion of the amalgamation resulted in the issue of 21,990,276 common shares, 1,215,659 options valued at \$0.128 per share and 6,086,045 warrants valued at \$0.08 per share.

Share Issuance

During the year ended March 31, 2019, the Company issued a total of 12,782,927 common share units at a price of \$0.07 per unit for aggregate proceeds of \$894,805. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company for a period of 12 months from the date of issue at a price of \$0.15 per common share, provided that should the Company's shares trade at \$0.30 per share or greater for a period of 20 consecutive trading days following the expiry of the four month hold period, the warrants can be accelerated by the Company providing notice to warrant holders and in such instance, the warrants will expire 30 days thereafter.

The Company also issued 420,000 flow-through shares at a price of \$0.10 per share for aggregate proceeds of \$42,000. Each flow-through share consists of one common share issued on a flow-through basis which entitles the holder to receive the tax benefits applicable to flow-through shares, in accordance with provisions of the Income tax Act (Canada).

The Company paid finders' fees equal to \$40,093 in cash and 269,231 common share broker warrants issued on the same terms as the financing Warrants.

Reserves

The reserves recorded in equity on the Company's statement of financial position comprise the fair value of share-based compensation and warrants prior to exercise, and obligations to issue shares in accordance with debt settlement agreements.

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10. Share-Based Compensation

In October 2017, the shareholders of the Company renewed the incentive stock option plan (the “2014 Plan”) which provides that the aggregate number of common shares of the Company’s capital issuable pursuant to options granted may not exceed 10% of the issued and outstanding shares. If the aggregate number of options granted exceeds the maximum allowed under the 2014 Plan, exercise of the options will require War shareholder approval. Options granted under the Plan may have a maximum term of ten years and the exercise price of options granted will not be less than the discounted market price of the common shares as of the award date. The board of directors has the authority to set the vesting terms of options granted, subject to the rules of the TSX-V regarding options granted for investor relations services.

The weighted average grant-date fair value of options awarded in the year ended March 31, 2019 was \$nil (March 31, 2018 - \$0.135). The Company employed the Black-Scholes option-pricing model using the following weighted average assumptions:

Year ended March 31	2019	2018
Share price	-	\$ 0.17
Exercise price	-	\$ 0.21
Annualized stock price volatility	-	140.69 %
Risk-free interest rate	-	1.94 %
Expected option life (years)	-	3.21
Dividend yield	-	0 %

The stock price volatility was determined using the historical fluctuations in the Company’s share price.

	Number of options	Weighted average exercise price \$
March 31, 2017	1,748,000	0.10
Granted	3,265,659	0.21
Exercised	(260,000)	0.10
Expired	(590,000)	0.10
Terminated	(599,000)	0.10
March 31, 2018	3,564,659	0.20
Exercised	(50,000)	0.10
Terminated	(18,702)	0.27
March 31, 2019	3,495,957	0.20

The weighted average trading price on date of exercise for the stock options exercised during the year ended March 31, 2019 was \$0.20 (2018 – \$0.17).

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10. Share-Based Compensation (continued)

The Company's outstanding and exercisable stock options at March 31, 2019 were:

Expiry Date	Outstanding Options			Exercisable Options	
	Number	Weighted Average Remaining Life	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
October 31, 2019	249,000	0.59	0.10	249,000	0.10
May 5, 2021	3,246,957	2.10	0.21	3,246,957	0.21
	3,495,957	1.99	0.20	3,495,957	0.20

11. Warrants

	Number of Financing Warrants	Weighted Average Exercise Price \$	Number of Broker Warrants	Weighted Average Exercise Price \$
March 31, 2017	-	-	-	-
Issued	6,086,045	0.36	-	-
March 31, 2018	6,086,045	0.36	-	-
Issued	6,391,464	0.15	269,231	0.15
March 31, 2019	12,477,509	0.25	269,231	0.15

Number of Financing Warrants	Number of Broker Warrants	Exercise Price \$	Expiry Date
1,237,238	-	0.13	August 9, 2019
4,251,825	-	0.40	August 9, 2019
561,073	-	0.53	August 9, 2019
35,909	-	0.67	February 9, 2021
6,391,464	269,231	0.15	March 20, 2020
12,477,509	269,231		

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11. Warrants (continued)

During the year ended March 31, 2019, the warrants were granted pursuant to the private placements. The warrants were valued at \$4,600.

During the year ended March 31, 2018, the warrants were granted pursuant to the acquisition of Champagne (see Note 7). The warrants were valued at \$495,000.

The Company employed Black-Scholes option-pricing model using the following weighted average assumptions:

	2019		2018	
Share price	\$ 0.09		\$ 0.17	
Exercise price	\$ 0.15		\$ 0.36	
Annualized stock price volatility	93.99 %		139.20 %	
Risk-free interest rate	1.54 %		1.95 %	
Expected warrant life (years)	1.00		1.51	
Dividend yield	0 %		0 %	

The stock price volatility was determined using the historical fluctuations in the Company's share price.

12. Related Party Transactions

The Company entered into the following transactions with related parties not disclosed elsewhere in these consolidated financial statements as follows:

Key management personnel compensation

Year ended March 31	2019	2018
	\$	\$
Management fees	344,000	295,000
Share-based compensation	-	249,750
	344,000	544,750

As at March 31, 2019, \$125,275 (March 31, 2018 - \$200,000) in total is owing to an officer and director for services, a debt acquired by the Company as part of its amalgamation agreement with Champagne. These amounts owing have been included in accounts payable and accrued liabilities. The debt bears no interest and is unsecured. Under a new agreement, the debt is payable in annual instalments of \$50,000 each, commencing December 31, 2018. As per the agreement, the officer was repaid the first \$100,000 and in turn, the officer subscribed for \$100,000 of common shares of the Company at the same price as the funds raised in the March 2019 private placement. The officer also has the option to convert the remaining \$100,000 into common shares as well. \$50,000 of the remaining \$100,000 has been presented as non-current.

Related party balances bear no interest and are unsecured.

Transactions with related parties were in the normal course of business and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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13. Capital Management

The Company's objectives when managing its capital are to safeguard the Company's ability to continue as a going concern in order to support ongoing exploration programs and development of its mining assets, to provide sufficient working capital to meet its ongoing obligations and to pursue potential investments.

The Company considers its capital to include equity and working capital. In order to maintain financial flexibility, the Company may from time to time issue shares and adjust its spending to manage current and projected capital levels. To assess capital and operating efficiency and financial strength, the Company continually monitors its working capital which is calculated as follows:

	March 31 2019 \$	March 31 2018 \$
Current assets	999,259	1,372,541
Current liabilities	499,209	478,463
Working capital	500,050	894,078

The Company is an exploration stage company. The Company monitors its forecasted working capital requirements on a quarterly basis. The Company prepares expenditure budgets, which are updated as necessary depending on varying factors including current and forecast prices, successful capital deployment and general industry conditions.

The Company is not subject to external capital restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future. There were no changes to the Company's approach to capital management during the year ended March 31, 2019.

14. Financial Instruments

Fair Value

The Company's financial instruments include cash, receivables, and accounts payable and accrued liabilities. Fair value amounts disclosed in these consolidated financial statements represent the Company's estimate of the price at which a financial instrument could be exchanged in a market in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. These estimates may change in subsequent reporting periods due to market conditions or other factors.

A fair value hierarchy is used to categorize the inputs used to measure fair value. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are as follows:

Level 1 - include financial assets and liabilities that are measured in whole or in significant part by reference to published quotes in an active market at the measurement date. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 - include financial assets and liabilities using valuation techniques based on assumptions that are supported by prices from observable current market transactions.

The Company has no assets or liabilities in this category.

Level 3 - include financial assets and liabilities measured using valuation techniques based on nonmarket observable inputs. This means that fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The Company has no assets or liabilities in this category.

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14. Financial Instruments (continued)*Fair Value (continued)*

The carrying value of cash, receivables and accounts payable and accrued liabilities approximate their fair value due to the short-term nature and limited credit risk of these assets and liabilities.

Financial Instruments Risk Management

The Company has exposure to credit, liquidity and market risks from its use of financial instruments. This note provides information about the Company's exposure to each of these risks, and the Company's objectives, policies and processes for measuring and managing such risks. The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Market risk

The Company's profitability and long-term viability will depend, in large part, on the market price of base metals. The market prices for metals can be volatile and are affected by numerous factors beyond the Company's control, including: global or regional consumption patterns; the supply of, and demand for, these metals; speculative activities; the availability and costs of metal substitutes; expectations for inflation; and political and economic conditions, including interest rates and currency values. The Company cannot predict the effect of these factors on metal prices.

The market price of these minerals and metals may not remain at current levels. In particular, an increase in worldwide supply and consequent downward pressure on prices may result over the longer term from increased base metal production from mines developed or expanded as a result of current metal price levels.

Foreign currency exchange rate risk

The Company is exposed to foreign currency fluctuations as it has cash, receivables and accounts payable and accrued liabilities denominated in US dollars. There are no exchange rate contracts in place. A 10% change in the US dollar will affect profit/loss by approximately \$19,000.

Financial instruments denominated in foreign currencies are:

<hr/>	
At March 31, 2019	US Dollars
<hr/>	
Cash	143,721
Exchange rate - \$1.00 =	.7483
<hr/>	
<hr/>	
At March 31, 2018	US Dollars
<hr/>	
Cash	704,070
Receivables	52,725
Exchange rate - \$1.00 =	.7756
<hr/>	

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it did not hold any funds in interest bearing accounts.

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14. Financial Instruments (continued)*Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in paying obligations as they come due. The Company's financial liabilities consist of accounts payable and accrued liabilities. Accounts payable consists of invoices payable to trade suppliers for capital expenditures, field operating activities, and general corporate expenses. Substantially, all of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms.

As at March 31, 2019, the Company has a working capital of \$500,050.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of receivables.

15. Income Tax

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

Year ended March 31	2019	2018
	\$	\$
Income (loss) before income taxes	(1,184,203)	(806,013)
Statutory Canadian corporate tax rate	27.00%	26.00%
Income tax expense (recovery) at statutory rates	(319,735)	(209,563)
Effect of tax rate change	-	(187,853)
Non-deductible items for tax purposes	28,214	73,148
Change in tax benefits not recognized (recognized)	291,521	324,268
Income tax expense (recovery)	-	-

The significant components of the Company's deferred income tax assets and liabilities are as follows:

As at March 31	2019	2018
	\$	\$
Deferred income tax assets relating to:		
Exploration and evaluation assets	1,666,973	1,754,591
Net capital losses available	1,059,492	1,059,492
Non-capital losses available for future periods	3,008,215	2,867,738
Share issuance cost and other	148,772	140,112
	5,883,452	5,821,933
Unrecognized deferred tax assets	(5,883,452)	(5,821,933)
	-	-

The Company has not recognized deferred tax assets due to the uncertainty of future taxable income.

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15. Income Tax (continued)

At March 31, 2019, the Company has non-capital losses of approximately \$11,188,000 (March 31, 2018 - \$10,663,000) which may be available to offset future income for Canadian tax purposes. Non-capital losses expire as follows:

Expiry Date	\$
2039	639,000
2038	453,000
2037	316,000
2036	383,000
2035	651,000
2034	872,000
2033	555,000
2032	1,010,000
2031	1,242,000
2030	1,096,000
2029	1,583,000
2028	1,386,000
2027	625,000
2026	377,000
	11,188,000

In addition, the Company has available unclaimed resource expenses and net capital losses of approximately \$16,924,000 (March 31, 2018 - \$16,204,000) for Canadian tax purposes which may be carried forward indefinitely.

16. Segment Reporting

The Company's activities are all in one industry segment of mineral property acquisition and exploration. Substantially all administrative expenses are incurred in Canada.

17. Supplemental Cash Flow Information

Year ended March 31	2019	2018
	\$	\$
Non-cash financing/investing activities:		
Equity instruments issued on acquisition of Champagne	-	4,388,947

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Expressed in Canadian Dollars

18. Contingencies and Commitments**Former CEO Litigation**

In August 2016, the Company terminated the services of Mr. Thomas Atkins, the former CEO, for non-performance. In October 2016, Mr. Atkins filed a lawsuit in the Supreme Court of Ontario for damages of \$205,000 and also claimed damages of \$500,000 for undisclosed claims. The Company also counter-claimed for \$500,000 for damages suffered by the Company. In April 2018, the Company settled all the claims plus legal costs relating to Mr. Atkins lawsuit for the sum of \$210,000, which included recoverable HST. The Company was reimbursed \$30,000 by the insurance provider relating to this lawsuit.

Compensation Agreements

The Company had approved 12 month compensation agreement for the executive chairman at \$10,000 per month and for another individual in management at \$3,000 per month. The initial term of the contracts was 12 months to January 2014 which are automatically renewed for further incremental periods of 6 months at a time unless terminated by either party prior to expiry of the then term.

During the year ended March 31, 2019, the Company accepted the resignation of the executive chairman and director, effective November 22, 2018. The executive chairman's contract of \$10,000 per month was terminated as of November 30 with no further obligations.

The Company has a compensation agreement with its CEO for \$15,000 per month through its amalgamation with Champagne, which is automatically renewable for successive one-year terms. (see note 12).

During the year ended March 31, 2019, the Company's CEO agreed to take a \$5,000 reduction in her monthly compensation, commencing December 1, 2018 and continuing until the earlier of March 31, 2019 and the closing of an equity financing by the Company which nets to the Company's treasury at least \$1,000,000. Any compensation so deferred will be accrued and payable thereafter only when and to the extent approved by the board of directors of the Company.

19. Loss Per Share

Year ended March 31	2019	2018
	\$	\$
Loss for the year	(1,184,201)	(806,013)
Weighted average number of common shares outstanding	45,037,231	25,024,999
Loss per share, basic and diluted	(0.03)	(0.03)

Stock options and warrants are not included in the computation of loss per share for the years ended March 31, 2019 and 2018 as such inclusion would be anti-dilutive.

At March 31, 2019, the Company had stock options and warrants outstanding that could result in the issuance of up to 16,242,697 additional common shares (2018 – 9,650,704).